



U.S. CONSUMER PRODUCT SAFETY COMMISSION
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CONSUMER SAFETY IN THE SECOND MILLENNIUM

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U.S. CONSUMER PRODUCT SAFETY COMMISSION
ADDRESS GIVEN AT THE 1ST EUROPEAN CONVENTION

IN CONSUMER SAFETY


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I am delighted to be here today to address the 1st European Convention in Consumer Safety. I have found the conference to be very informative. I want to share with you today an overview of what the U.S. Consumer Product Safety Commission (or CPSC) is doing to keep pace with the need for product safety standards in our ever-growing global marketplace.

But first let me review with you what the CPSC does not regulate in the U.S. Marketplace, and then I will review the origins of the CPSC's authority and organization. We do not have regulatory authority over medical devices, cosmetics, food or drugs, automobiles, aircraft, boats, alcoholic beverages, tobacco products or firearms. Nevertheless, we are still left with an enormous area of responsibility for an agency comprised of only 480 people.

CPSC has jurisdiction over 15,000 categories of products used in and around the home--everything from electrical appliances to protective sports equipment to wearing apparel--or used in public places where consumers come into frequent contact with them (such as escalators and some amusement park rides). Four hundred and eighty people protecting 267 million people from 15,000 potential sources of harm.



CPSC'S AUTHORITY AND
ORGANIZATION

Recognizing the enormity of our task, the U.S. Congress gave our agency broad powers to deal with the products under our jurisdiction. We have authority to issue regulations having the force of federal, that is National, law to ensure the safety of products.

We can require companies to remove hazardous products from the marketplace, refund the cost of the recalled item to purchasers and redesign products which present unreasonable risks of injury to consumers. We have civil penalty authority, which means if companies or individuals fail to comply with the requirements of the law, we can assess monetary penalties against them. We can also ask the U.S. Justice Department to bring criminal actions against companies or individuals who wilfully violate certain provisions of our laws.

Our statutes allow us to reach not only the manufacturers of violative products, but also the importers, distributors and sellers of them.

We can, and do, exercise all of these powers. The very existence of these powers explains, to some extent, the degree of cooperation we receive from many industries.

We prefer, however, to work in concert with industry whenever possible, to reduce or eliminate injuries from consumer products. The Commission staff frequently participates in working groups with industry and consumers in the development of voluntary product safety standards.

CPSC will rely on those voluntary standards whenever it is satisfied that the standard will eliminate or adequately reduce the risk of injury it is designed to address, and that it is likely that there will be substantial industry compliance with the standard. I repeat that we do rely heavily on those standards. And since we do rely on them, we also investigate the extent of industry's conformance with voluntary standards.

Over the agency's almost 25-year history, we have issued less than 50 mandatory regulations but we have participated in the development, or monitored the progress, of several hundred

voluntary standards.

Commission decisions are made by a majority vote of the three Presidentially-appointed Commissioners, of which I am one. The Commission staff is divided into three primary areas of responsibility: Compliance; Hazard Identification and Reduction; and Public Information.

In addition to our headquarters staff, we have a field staff of 127 spread across the country which supports all of these activities and, in addition, is our liaison with state and local governments' safety officials.

THE EARLY YEARS

When the U.S. National Commission on Product Safety, as appointed by President Lyndon Johnson in March 1968, considered the need for a consumer product safety agency in the United States, it compiled a long list of hazardous products that needed attention. Two were particularly appalling. The first was floor furnaces with grills that reached temperatures hot enough to cook meat, and which resulted in tens of thousands of burns, often to the elderly, the infirm and to children. The other product, toy ovens, could reach external temperatures of 300 degrees and internal temperatures of 600 degrees. These "toy ovens" exposed children to the obvious and needless risk of serious burn injury.

Naturally during the early years of the agency's existence, the focus was, to a large extent, on the products identified by the National Commission. Over time, sometimes by regulation, sometimes by working with industry through the development of voluntary standards and sometimes by recalling certain products, the agency worked to eliminate the hazards that had accumulated prior to its creation.

After tackling those problems, the agency moved on to other problems that were being brought to its attention. And, since those days, new hazards have continued to surface.

We have fairly good cooperation with many of the industries we regulate, even to the extent of having CPSC staff participate, for example, with toy manufacturers and fireworks manufacturers' programs to educate product manufacturers in China

about U.S. consumer product safety requirements. Yet, when we collect samples of the regulated products that continue to concern us, we still find that roughly half of the products that we sample annually are in violation of agency regulations.

During fiscal year 1996 alone, CPSC obtained 375 corrective actions involving more than 85.1 million consumer products that either violated mandatory safety standards or presented a substantial risk of injury to the public. And, in cooperation with the U.S. Customs Service, CPSC detained more than 440 shipments of imported consumer products, thus keeping an additional 13.7 million violative products out of the hands of innocent consumers.

THE SHIFT FROM REACTIVE TO A MORE PROACTIVE APPROACH TO PRODUCT SAFETY

Since the Commission monitors products that are already in the marketplace (unless we have been lucky enough to stop the entire production of a suspect product as it was entering the country), our actions will always be to some extent, reactive. But we are not simply sitting back waiting to be told about hazardous products.

Under the leadership of our current Chairman, Ann Brown, we have developed strategies to try to keep ahead of the huge, growing market of consumer products that floods our nation. One measure of the globalization of manufacture and trade in consumer goods, excluding food and automotive products, is the growth in United States imports deficits in such trade since 1980. In that year the consumer goods imports deficit was -\$34,268,000,000. By 1994 the consumer goods trade deficit was -\$146,304,000,000, more than a four-fold increase. The U.S. population increased by about 36 million, or slightly under 16%, over roughly the same period. [See the Statistical Abstract of the United States, 1995.]

Let's review three of those strategies for staying ahead of this deluge.

****Special Investigations Unit****

One of the largest programs at CPSC is the Office of Compliance. This Office is charged with making sure that products that are on the market comply with existing regulations, conform to voluntary standards, and do not otherwise pose an unreasonable risk of death or injury to the American public.

Typically we hear of product problems through consumer complaints, trade complaints from other manufacturers or by legally required product defect reports from manufacturers. We also may identify problems through newspaper articles or through reports from coroners or other medical professionals who keep us apprised of deaths or injuries resulting from consumer products.

Even with these sources of information, we still find that we hear about some product problems too late in the process to prevent what would otherwise have been an avoidable injury. Rather than waiting to hear about a problem through our normal reporting mechanisms we have begun to seek out other sources of information.

To tap those sources we created a Special Investigations Unit (SIU) within our Office of Compliance. This group is establishing critical new data links between outside sources and our agency.

One group with which we are forming a partnership is the insurance industry. They have a strong interest in reducing insurance claims and they are providing us with information about products which are injuring their insureds. Through this source we have already found potential problems which may otherwise not have been brought to our attention until additional consumers were injured or killed. Such problems have included halogen lamps, battery-operated toy vehicles and furnaces.

The SIU has also established a liaison with the International Association of Arson Investigators (IAAI). That organization has developed a training program for our own in-house investigators to help them better identify the origins and causes of fires.

As you know, many fires have their origins in faulty consumer products, low-end electrical extension cords, for

example. Members of the IAAI are also providing our agency with leads about products involved in house fires which they discover during the course of their investigations. Their leads have assisted us in announcing a recall of a baby monitor and in investigating certain electric heaters.

A third approach taken by the SIU is a search of the data bases of state and local courts for product liability suits. Under one reporting provision of our statutes, companies do not have to report law suits alleging that their products caused death or grievous bodily injury until there have been three lawsuits involving the same product within a 24-month period which resulted in either a verdict for the consumer or a settlement of the case. (Under another statutory provision companies are supposed to report whenever they have reason to believe one of their products presents a substantial product hazard.)

As you can imagine, companies are reluctant, in many cases, to report under either of these reporting requirements. We hope this new link to several major state court systems will alert us to potential problems, perhaps even before the manufacturers have made any internal admissions about the hazardous nature of their product.

****Emerging Hazards Project****

Every day the Commission receives data from 101 hospital emergency rooms throughout the United States on injuries associated with consumer products. Our National Electronic Injury Surveillance System (NEISS), a statistically valid sampling of hospital emergency rooms, gives us very timely information on injuries that are occurring in the nation. But so much information comes in that we have to rely on computer analyses to look at the information over time to see what trends it reveals.

The ability of the computer to process large amounts of data quickly and in varying combinations, has given us a major tool in the search for product hazards. It used to be that we relied solely on the human element to spot trends in product-related

injuries.

Our epidemiologists and other injury specialists still look through the injury and death data as it comes in day after day and if they see the same type of injuries occurring over time, they begin to investigate those injuries and deaths in more detail.

While the human element is still needed to make critical decisions about the significance of the information we receive, we now can have the computer help us to look for trends and new injury patterns.

The Commission staff has begun the process of systematically "mining" our data bases, looking at various product areas to see if there are new types of injuries that are occurring or if commonplace injuries are occurring with greater frequency--either because of new products on the market or because older products are being used more frequently or in new ways.

The Emerging Hazards project has already identified several areas that need further study by Commission staff. Examples include exercise equipment, toaster and toaster oven fires and injuries from portable baby swings.

The Commission is also in the process of integrating its various data bases so that instead of having to search through four or five different types of data bases at the Commission, a search for a particular product, company or injury would encompass all of the agency's data bases.

****Internet****

Any discussion about computers these days leads us inevitably to the Internet. The Commission is still in the early stages of realizing the full potential of the Internet. Our address, by the way, is www.cpsc.gov. If you go into our site you will find information on product recalls, safety information and alerts, press releases and the public calendar of events at the agency. At this point it appears that this world-wide communications device could not be more timely for monitoring product safety in a global marketplace.

Toward that end, we have also put two of our most important

handbooks on the site: our Regulated Products Handbook and our Corrective Actions Handbook. The Regulated Products Handbook is directed to manufacturers, distributors, importers and sellers of regulated products and it:

- *explains the sanctions that can be levied for violations of our statutes or regulations;

- *gives guidance on how to respond to CPSC notices of violative product status;

- *explains the statutory reporting requirements; and

- *describes the procedures for the proper way to export a violative product.

The Corrective Actions Handbook provides manufacturers, distributors, importers and retailers of unregulated consumer products with information on how to initiate a corrective action for products that have been found to present an unreasonable risk of injury to consumers.

To increase the awareness of consumers of the need to protect themselves and their families against preventable injuries and deaths, we are very proud to announce a new publication of the agency, the Consumer Product Safety Review. You should know, too, that every issue published to date, beginning with the Summer 1996 issue, is on our Web site.

The most recent issue has articles on the dangers of carbon monoxide, preventing home electrical wiring fires and the dangers of drawstrings on children's clothes. Each issue also summarizes important recalls companies have conducted in cooperation with the CPSC and provides highlights of the information obtained on product-related deaths through the Medical Examiners and Coroners Alert Project and Emergency Room Physicians Reporting Systems. Copies of this publication are available at the Registration Desk.

Another important feature of the site is that it is interactive. Consumers can inform CPSC over the Internet about product-related incidents or injuries by filling out a form that is available on the site. After we receive such a complaint, one of our representatives will contact the consumer to verify the information and to give them assurance that their complaint has

indeed been received and will be reviewed. CPSC also notifies manufacturers whenever an incident is reported that concerns one of their products. Thus, use of the Internet speeds the flow of information from our agency to many consumers and gives us another avenue, in addition to our 24-hour toll-free Hotline telephone number and fax-on-demand service, to obtain timely information from the consumer.

In addition, most other U.S. government agencies and departments have sites on the Internet which gives us an easy way to keep abreast of what our sister agencies are doing.

INFORMATION TECHNOLOGY IN A GLOBAL MARKET

Like many people, I have been somewhat resistant to the conversion of our society to a paperless, computerized one. Nevertheless, when I see the mass of data that comes into our agency on a daily basis, I do not know how we could begin to process that information without computers.

We wouldn't even be able to obtain much of the data we now obtain without them--it would be too time consuming and costly to compile this type of information by hand. And what we would receive would be far less timely than it is today.

When you consider that, in addition to monitoring our own domestic products, we must track products that are made in distant lands and can enter our country at any of a number of ports, the impossibility of functioning without computers becomes even more clear. In some industries, the toy industry being just one example, the majority of the products used by American consumers are made in other countries.

I am sure you all face the same situation in one industry or another. We need to establish information links to alert each other to problem products and to inform each other of on-going research and investigations taking place in our countries.

While we all appreciate the difficulties and delays inherent in establishing formal bilateral or multi-lateral agreements, the Internet is a way for us to share some information without the formalities of government to government negotiations. As I

described earlier, you already have access to much of the Commission's current work through our Web site.

We will continue to expand the information available through our site. Recent amendments to the Freedom of Information Act will require all U.S. agencies to make even more information available electronically. At some point in the not too distant future, nearly every document available to the public from the U.S. government will be available on the Internet.

Unfortunately, CPSC's ability to put our information into languages other than English is severely limited because of budgetary considerations. However, due to our country's large native Spanish-speaking population, we will, of necessity, have a number of items in Spanish and we have already begun to select information translated into Spanish for our Web site. I appreciate that you will have some of the same budgetary constraints in trying to make information available in other languages which we face at CPSC. There will be other limitations in using the Internet for information sharing. Obviously, only information which is appropriate to disclose to the public can be put on the Internet, whereas there may be certain studies or preliminary assessments which we could share on a confidential basis with other nations in a more formal government to government arrangement. However, I do believe the future of information sharing among nations and among the consumers of those nations will be through the Internet.

We all need to consider how we can best use the Internet to advance the cause of global consumer product safety. Through enhanced information sharing, a problem we find in the United States today could be a problem we can prevent you from facing tomorrow and vice versa.

The more information we share with each other on product safety, the more time, effort and money we can all save by eliminating duplicative research and investigative efforts. For example, when the CPSC is considering a new mandatory regulation, we often review what other countries have done in that area (to the extent we are able to find out this information). And finding out that a particular product has been banned or

regulated in another nation is a factor we consider in deciding what type of action we should take.

We can learn much from each other. One area in which I am greatly interested is fire safety. The U.S. record in preventing fires and fires deaths and injuries is not nearly as good as many European countries. I think this is an area where we could learn from your example.

I understand some European countries require certain products to be pre-approved in government testing labs before they are put on the market. While I don't think this is a system we would ever adopt in the United States, it would be interesting to know more about how that has worked and whether it has insulated companies from product liability suits.

I believe the more we know about what other nations are doing to protect their consumers and about the rationale for those actions, the closer we will move--without even planning it--to more uniform, global standards in many areas.

The world is shrinking and getting more complex. It is a challenging time to be responsible for the well-being of a nation's consumers.

It wasn't that long ago when you not only knew where a product was made, but you probably knew the person who made it. If you had a complaint, you went right to the source and got a resolution. Now you may have to be an international detective to find out who should take responsibility for correcting a product-related problem. The CPSC is developing new tools to make it a more aggressive enforcer of the rules of the marketplace in the 21st century.